Judge:	Hon. Samuel J. Steiner
Chapter:	Chapter 11
Hearing Date:	March 11, 2011
Hearing Site:	700 Stewart Street, #7206 Seattle, WA 98101
Hearing Time:	9:30 am.
Response Date:	March 7, 2011 **at noon**

UNITED STATES BANKRUPTCY COURT FOR THE WESTERN DISTRICT OF WASHINGTON AT SEATTLE

In re: **ADAM GROSSMAN,** **Debtor.**	Case No. 10-19817 NOTICE OF HEARING ON AND MOTION TO 1) CONVERT CASE FROM A CHAPTER 11 TO A CHAPTER 7; 2) COMPEL CINDY LOEGERING TO PROVIDE ACCOUNTING OF RENTAL INCOME RECEIVED AND DISBURSED FOR ALL REAL PROPERTY MANAGED FOR OR ON BEHALF OF THE DEBTOR; AND 3) COMPEL DEBTOR AND/OR CINDY LOEGERING TO TURNOVER RENTAL PROCEEDS FROM REAL PROPERTY LOCATED AT 773 METRO WAY, REDDING, CALIFORNIA FOR JANUARY, FEBRUARY AND MARCH OF 2011

PLEASE TAKE NOTICE that a hearing on the Chapter 11 Trustee's Motion to 1) convert the Case from Chapter 11 to Chapter 7; 2) Compel Cindy Loegering to Provide an Accounting for Rental Income Received and Disbursed for all Real Property Managed for or on Behalf of Debtor; and 3) Compel Debtor and/or Cindy Loegering to Turnover Rental Proceeds from Real Property Located at 773 Metro Way, Redding, California for January, February and March of 2011 ("Trustee's Motion") will be heard on the 11th day of March, 2011 before Judge Samuel J. Steiner of the U.S. Bankruptcy Court, 700 Stewart Street, #7206, Seattle,

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WA 98101 at 9:30 a.m. and the Clerk is requested to note the same for the motion docket on that date.

I. MOTION TO CONVERT CASE TO CHAPTER 7

A. FACTUAL BACKGROUND

RONALD G. BROWN, the Chapter 11 Trustee for the estate of Adam Grossman, applies to this Court for an order converting this case to a Chapter 7 for the reasons forth below.

The debtor filed a pro se voluntary chapter 11 petition on June 25, 2010 which was assigned case number 10-17334. The case was dismissed on July 22, 2010 for failure to file schedules.

The debtor filed a pro se voluntary chapter 11 on July 27, 2010 which was assigned case number 10-18671. On August 9, 2010 the case was dismissed for failure to meet minimum filing requirements such as a master mailing list, small business balance sheet, cash flow statement, statement of operations and federal tax returns.

The debtor filed a voluntary chapter 11 bankruptcy petition on August 19, 2010 which was assigned case number 10-19817.

The debtor's Schedule I lists monthly income of $2,200.00 derived from rental income from real property. The debtor's schedules list monthly expenses of $6,920.41. Thus the debtor is running at a monthly deficit of $4,720.41.

Schedule B, question 13 requires the debtor to disclose all interests in incorporated and unincorporated businesses. The debtor's answer is "see attachment". There is no attachment.

A motion to appoint a chapter 11 trustee was filed on October 22, 2010 (docket #32). An order was entered appointing a Chapter 11 Trustee pursuant to court order dated

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December 17, 2010 (docket #69). Ronald G. Brown was appointed as the Chapter 11 Trustee pursuant to Court order dated December 22, 2010 (“docket #73).

There is no business to operate. The debtor allegedly receives rental income in the amount of $2,200.00 from real property located at 773 Metro Way, Redding, California (“773 Property”). Cindy Loegering, an old family friend, is the “property manager” who collects the rent. The trustee says allegedly because while the allegation is that the Metro Property rents for $2,200.00 per month, the trustee has no evidence this is true. The Trustee has demanded turnover of the rental income from both the debtor and his property manager Cindy Loegering and both have soundly ignored him.

The only other assets of this estate appear to be avoidance actions, disgorgement actions and selling two or three parcels of real property with limited equity. There is no possibility for a successful reorganization. This is a liquidation case. See Declaration of Ronald G. Brown filed simultaneously herewith.

There is no reason to remain in a chapter 11 and incur the U.S. Trustee chapter 11 quarterly fees.

The exclusivity period of section 1121 of the Bankruptcy Code granting the debtor the exclusive right to file a chapter 11 plan of reorganization expired on December 19, 2010.

The Chapter 11 Trustee sees no reason to file a chapter 11 plan and does not plan on doing so.

B. LAW

The Court shall convert or dismiss a case for cause. 11 U.S.C. § 1112(b)(1). Cause includes diminution of the estate and the absence of a reasonable likelihood of rehabilitation, gross mismanagement, failure to comply with an order and failure to timely file a disclosure statement and plan of reorganization. 11 U.S.C. §§ 1112(b)(4)(A), (B), (E) and (J).

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The examples of cause enumerated in 11 U.S.C. § 1112(b) are not exclusive. *In re Wiersma,* 324 B.R. 92, 114 (9th Cir. BAP 2005).

C. ARGUMENT

This debtor should not be in a chapter 11. The debtor's schedules show that in an average month the debtor incurs $4,720.41 of debt he cannot pay. To date the debtor has filed no monthly reports.

1. There is cause to convert this case to Chapter 7.

- 1112(b)(4)(A): Diminution of the Estate and The Absence of Likely Rehabilitation. Based on the debtor's bankruptcy schedules, there appears to be dimunition of the estate as post-petition expenses appear to exceed post-petition income by more than $4,000.00 per month. There is no likelihood of rehabilitation. The debtor, according to his schedules, has no business to reorganize. His schedules indicate he has property with very limited equity.

- 1112(F):Failure to Satisfy any Filing or Reporting Requirement. US-21 Statement of Financial Condition is a form all debtors are required to fill out. To date the debtor has filed no reports whatsoever. Thus no one has any idea the amount of post-petition debt. The debtor has not satisfied the reporting requirement.

II. MOTION TO COMPEL ACCOUNTING AND TO COMPEL TURNOVER

The debtor has not filed any monthly reports since the Petition Date. The Trustee has no idea whether the rental income from the 773 Property has been collected. The Trustee has no idea if collected whether any expenses were paid from it, whether it was remitted to the debtor, to someone for the debtor's benefit or any other myriad of options.

The Trustee contacted Ms. Loegering in early January, 2011 just shortly after his appointment. He talked to her and advised that she needed to turnover the January rent to him and she advised that it had already been disbursed. He asked her to provide him with an

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accounting and she agreed to do so. To date no accounting has been received. See Declaration of Ronald Brown filed simultaneously herewith. Mr. Brown has since called Ms. Loegering in relation to the February rent and received no return phone call. He has also written to Ms. Loegering and he has received no response. See Exhibit "___" to the Declaration of Ronald Brown.

III. CONCLUSION

This case needs a disinterested but aggressive steward to ensure that all avoidance actions are brought, all interests in all entities owned by the debtor are liquidated, and the properties appraised and sold if appropriate. As demonstrated above, there are numerous causes for conversion or appointment of a trustee.

WHEREFORE, the Chapter 11 Trustee Ronald Brown requests that the Court enter an order either converting this case to Chapter 7, compelling an accounting and compelling turnover as set forth above.

OBJECTIONS

Your rights may be affected. You should read these papers carefully and discuss them with your attorney, if you have one in this bankruptcy case. (If you do not have an attorney, you may wish to consult one.)

If you do not want the Court to grant the relief requested in the Trustee's Motion, or if you want the Court to consider your view on the Trustee's Motion, then on or before **NOON** on Monday, March 7, 2011 you or your attorney must do the following:

File with the Court a written response to the Trustee's Motion explaining your position. The response must be filed at the United States Bankruptcy Court for the Western District of Washington at Seattle, 700 Stewart Street, #6301, Seattle, Washington, 98101, a copy served on Judge Samuel J. Steiner, 700 Stewart Street #7206, Seattle, Washington 98101 and a copy served on the undersigned.

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If you mail your response you must mail it early enough so that the Court and the undersigned will receive it on or before the date stated above.

If you or your attorney do not take these steps, the Court may decide that you do not oppose the relief sought in the Trustee's Motion and may enter an order granting that relief.

Failure to comply with local rules may be deemed by the Court as a waiver of all objections.

Further information regarding the Debtor's Motion may be obtained by telephoning Denice Moewes, Wood & Jones, P.S., at (206) 623-4382.

Dated this 22nd day of February, 2011.

WOOD & JONES, P.S.

/s/ Denice E. Moewes
Denice E. Moewes WSBA#19464
Attorney for Chapter 7 Trustee
Ronald G. Brown

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Judge:	Hon Samuel J. Steiner
Chapter:	Chapter 11
Hearing Date:	March 11, 2011
Hearing Time:	9:30 a.m.

UNITED STATES BANKRUPTCY COURT FOR THE
WESTERN DISTRICT OF WASHINGTON AT SEATTLE

In re: ALLEN GROSSMAN, Debtor.	Bankruptcy No. 10-19817 ORDER 1) CONVERTING CASE FROM A CHAPTER 11 TO A CHAPTER 7; 2) COMPELLING CINDY LOEGERING TO PROVIDE ACCOUNTING OF RENTAL INCOME RECEIVED AND DISBURSED FOR ALL REAL PROPERTY MANAGED FOR OR ON BEHALF OF THE DEBTOR; AND 3) COMPELLING DEBTOR AND/OR CINDY LOEGERING TO TURNOVER RENTAL PROCEEDS FROM REAL PROPERTY LOCATED AT 773 METRO WAY, REDDING, CALIFORNIA FOR JANUARY, FEBRUARY AND MARCH OF 2011

THIS MATTER having come on for hearing before the Honorable Samuel J. Steiner on the Chapter 11 Trustee's Motion to 1)) Convert the Case from Chapter 11 to Chapter 7; 2) Compel Cindy Loegering to Provide an Accounting for Rental Income Received and Disbursed for all Real Property Managed for or on Behalf of Debtor; and 3) Compel Debtor and/or Cindy Loegering to Turnover Rental Proceeds from Real Property Located at 773 Metro Way, Redding, California for January, February and March of 2011 ("Trustee's Motion") ; the Court finding that notice of the Motion was given to all creditors listed on the mailing matrix as evidenced by the Declaration of Mailing on file with the Court and hence the Court finds that notice of the Motion was adequate, timely, and in compliance with the Bankruptcy Code and Rules and the Order Shortening Time; the Court having reviewed the Trustee's Motion, and

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having reviewed all objections to the Motion, and deeming itself fully informed in this matter, now, it is hereby

ORDERED that this case is converted to a chapter 7 proceeding; and it is further

ORDERED that Cindy Loegering is to produce an accounting setting forth all rental income received for all real properties she manages for or on behalf of the debtor as well as a list of disbursements made from the rents received, with copies of the front and back of the checks evidencing the disbursements within 7 days of the entry of this Order; and it is further

ORDERED that Cindy Loegering and/or the Debtor are ordered to turnover all rental income received for January, February and March of 2011 to the Trustee, Ronald Brown within 7 days of the entry of this order.

Dated this ____ day of March, 2011.

____
JUDGE SAMUEL J. STEINER
U.S. Bankruptcy Judge

Presented by:

Wood & Jones, P.S.

/s/ Denice E. Moewes
Denice Moewes, WSB#19464
Attorney for Chapter 11 Trustee
Ronald G. Brown

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